GR HIGHWAYS INVESTMENT MANAGER PRIVATE LIMITED



3rd June 2024

To

BSE Limited National Stock Exchange of India Limited

Phiroze Jeejeebhoy Towers Exchange Plaza, C-1, Block G

Dalal Street, Bandra-Kurla Complex, Bandra(E)

Mumbai – 400001 Mumbai -400051 Scrip Code: 544137 Symbol: BHINVIT

Subject: Transcript of the Earnings Conference Call of Bharat Highways InvIT

Dear Ma'am / Sir,

Please find enclosed Transcript of the Earnings Conference Call held on Thursday, 30th May 2024, for the Financial Year ended 31st March 2024. The same is also uploaded on the website of the InvIT at www.bharatinvit.com.

You are requested to take the same on your record.

Thanking you, Yours sincerely,

For GR Highways Investment Manager Private Limited (Investment Manager to Bharat Highways InvIT)

Mohnish Dutta
Company Secretary & Compliance Officer
M. No. FCS 10411

CC:

IDBI Trusteeship Services Limited

Ground Floor, Universal Insurance Building Sir P.M. Road, Fort, Mumbai, Maharashtra – 400001

Encl: as above



"Bharat Highways InvIT FY24 Earnings Conference Call"

May 30, 2024







MANAGEMENT: MR. AMIT KUMAR SINGH – CEO, GR HIGHWAYS INVESTMENT MANAGER PRIVATE LIMITED (IM TO BHARAT HIGHWAYS INVIT)



MR. HARSHAEL SAWANT - CFO, GR HIGHWAYS INVESTMENT MANAGER PRIVATE LIMITED (IM TO

BHARAT HIGHWAYS INVIT)

MODERATOR: MR. MOHIT KUMAR – ICICI SECURITIES



Moderator:

Ladies and gentlemen, good day and welcome to the Half Year and Financial Year FY24 Earnings Conference Call of Bharat Highways InvIT hosted by ICICI Securities Limited.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing "*" then "0" on your touchtone phone Please note that this conference is being recorded.

I now hand the conference over to Mr. Mohit Kumar - Vice President at ICICI Securities Limited. Thank you and over to you, sir.

Mohit Kumar:

Thank you. Good afternoon. On behalf of ICICI Securities, we welcome you all to Q4 and FY24 Earnings Call of Bharat Highways InvIT. Note that this is the First Earnings Call after the successful listing.

We are privileged to join today with the Management Team, Mr. Amit Kumar Singh – CEO; Mr. Harshael Sawant – CFO. We will start the brief opening remarks followed by Q&A. Over to you, sir.

Amit Kumar Singh:

Thank you very much, Mohit. At the outset, I would like to thank each and every participant on this call for taking the time to join us. This is the first ever Analyst Call for Bharat Highways InvIT and we are incredibly excited about this special event. We listed this InvIT on March 12, 2024. And as you all would be aware; this is the 4th public listing for any InvIT on the Indian bourses and the first one in the road HAM space. Today marks the 79th day since our listing. We had our board meeting the day before yesterday where we made some important decisions to strengthen the foundations of this trust. I will spend some time explaining our vision, strategy and key decisions from the board meeting, and then I will pass it on to Harshael to discuss the financial details before we open up for questions.

From the early days, even during our IPO road shows, our vision for Bharat Highways InvIT was very clear and that was to become one of the largest and most admired 8 platforms in the country built on transparency and governance and to provide superior risk adjusted returns to our unit holders. This vision relies on three fundamental pillars:

- 1. Achieving an AUM which is asset under management of Rs. 30,000 crores by 2029 that is 5 years from now.
- 2. Delivering predictable and consistent distributions per unit.
- 3. Maintaining superior corporate governance and compliance standards.

Our strategy to achieve this vision consists of four key components:

 The first one is focused-business model. Our InvIT Formation transaction was acquisition of seven HAM SPVs with an average contract life of nearly 12 years. All



these assets are fully operational with stable cash flows in the form of semiannual annuities, interest on annuities and O&M income with a very low counterparty risk. We will continue to focus on stable cash generating assets, acquiring more projects from GR Infra under our ROFO agreement and through third party acquisitions.

- Second one is AUM growth. We plan to grow our AUM through value accretive transactions. At the time of IPO, our InvIT enter into a write-off first offer which is ROFO agreement with GR Infra for acquisition of 23 additional HAM assets which currently are at the various development stages. These assets have the potential to significantly increase our distributable cash flows. Additionally, our consistent focus would be to acquire third party assets too, leveraging opportunities from the over 400 HAM projects awarded by NHAI Malls put together.
- The third strategy which we would be focusing upon would be optimizing capital structure. We have a regulatory debt gap that allows us to go up to 1:1 debt equity ratio initially and up to 70% leverage after 6 successful distributions. We will plan our capital structure judiciously seeking the best resources of long-term cost-efficient capital to maximize returns to our unit holders.
- And the fourth one, which is the last one but not the least, would be maximizing
 distributions. We shall comply with regulatory guidelines to distribute at least 90% of
 the net distributable cash flow. And this year, we will endeavor to make quarterly
 distribution ensuring investors receive at least four payments annually.

In our recent board meeting, we made a few decisions. We announced the first quarterly distribution of Rs. 3 per unit, translating to an annualized yield of 12%, slightly higher than our IPO guidance. Finally, our earnings for the quarter stands at a net distributable cash flow of Rs. 132.88 crores for Q1, representing 2.5 months of operation since our listing in mid-March.

To Summarize:

We entered the market with a clear vision in March and received a very strong response from investors. Many of whom may be on this call today, we are committed to fulfilling our promises regarding yield and growth and plan to maintain this consistency in the upcoming quarters too. Once again, I extend my heartfelt gratitude to all our steamed investors for their unwavering support and confidence as we embark on this exciting journey.

I will now pass it on to Harshael, who will take you through the financial details before we open up for questions. Thank you. Over to you, Harshael.

Harshael Sawant:

Thanks, Amit. Coming to second-half of Financial Year '24 performance, on a standalone basis, the interest income on the loans extended by the trust to the SPVs was Rs. 29.50 crores. EBITDA for the same period was Rs. 25.69 crores. Now, post listing, we have availed an external debt of Rs. 487 crores to repay the balance SPV level debt and the interest cost of the same worked out to around Rs. 1.83 crores during this period. As our distributions from the SPVs are tax free, the tax outflow on the standalone level is only on the other income earned by the trust.



On the asset side, trust had on-lent amount totaling to Rs. 3,443 crores to the project SPVs. Out of which Rs. 2,400 crores are from the Issue Proceeds, Rs. 487 crores was from the External Borrowing which I mentioned earlier and balance Rs. 554 crores for the loan assigned from the seller against the units.

On the investments, fair value of the investment in the SPVs, as assessed by the valuer was Rs. 1,940 crores in the books, as against the consideration payment of Rs. 1,375 crores in the form of payments. On the liability slide, we have external debt of 487. As I mentioned earlier, further the balances towards the unpaid issue related expenses in the current liabilities. The difference between the fair value and the consideration price is getting reflected as capital reserves in the other equity in the balance sheet. On a consolidated basis, our external debt stands at Rs. 1,134 crores, which includes the NCDs outstanding in two SPVs that is Varanasi Sangam and Paghwara Expressway. However, the same has been paid subsequently.

InvIT is rated AAA by three rating agencies considering the leverage of up to Rs. 3,000 crores, giving us adequate headroom to acquire further assets, be it either from GR Infra under the ROFO framework or from third parties. In relation to NDCF, at the trust level, project SPVs have declared a dividend amounting to Rs. 138 crores for Q4 FY2024 and the actual interest income received for the period was Rs. 27.60 crores, resulting in a total inflow of Rs. 165.6 crores. Post existing for finance cost reserve requirements at the trust level expenses, which have been explained on slide 16 of the presentation. The NDCF works out to Rs. 135.86 crores out of which, the proposed distribution is Rs. 132.88 crores, resulting in Rs. 3 per unit which can be broken down further as Rs. 2.50 per unit in the form of dividend and Re. 0.50 as interest. Thank you everyone and we are open to questions now.

Moderator:

Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Sarvesh Gupta from Maximal Capital. Please go ahead.

Sarvesh Gupta:

Sir, first question, which I could not understand is Rs. 3 you have mentioned on slide 16 that this is from 12th March to 10th June. So, does it mean when you will declare the June results you will only give the payout for 20 days remaining in this quarter?

Harshael Sawant:

No, that is not the idea. The intent is we have considered the time till we are distributing the money. So, we got listed on 12th of March till the time we are making the payment, so that is how we have calculated it. It is for the period till 31st of March 2024.

Sarvesh Gupta:

So, then, we can expect another Rs. 3 is basically Rs. 1 per month is what you are guiding for FY25, so after June, you are guiding for Rs. 3 DPU?

Amit Kumar Singh:

No, we will distribute whatever guidance we had given at the time of IPO for FY25, so if you see we got listed on 12th of March, right? So, that means since this is the first Rs. 3 distribution from since 12th of March till what we are expecting maybe likely date of distribution which will be 10th of June. So, that is how we are seeing this 3%. And basically so, we are saying that by



the time we got the money and for the entire 25, the yield will be what we have given the guidance now. It is not that we are going to give further for April 24th.

Sarvesh Gupta: So, basically you are guiding for Rs. 12 for 13 months, something like that?

Amit Kumar Singh: Ballpark, yes.

Sarvesh Gupta: And since you have opted for the new tax regime, this Rs. 2.5 dividend would be taxable in the

hands of the unit holders, right?

Amit Kumar Singh: Yes, depending on the category of investors, it will be chargeable at the respective tax rates.

Sarvesh Gupta: For individual's residents in India, it will be chargeable as per marginal income tax rate.

Amit Kumar Singh: Yes, that is right.

Sarvesh Gupta: Sir, second question is now, you have a peer who is listed, and they adopted a different strategy

wherein they also did private InvITs. So, with the sponsor, have you had discussions on what is the strategy and way forward because that is something that we would want to know whether there would also be other InvITs to which the sponsors would be catering to apart from your InvIT? And secondly is it going to be only HAM assets? And thirdly, if they decide on doing what assets would you have a ROFO for those assets also, would you want to acquire BOT assets

also or is it going to be only HAM platform?

Amit Kumar Singh: Very pertinent questions. I will just take one by one. So, the first one was, basically, when we

were at the time of listing whether this InvIT should have been public or private, it was deliberated a lot. What we feel that when you have a fixed kind of sum coming from any authority, any counterparty wherein you are not able to give any kind of say much upside, then

it doesn't make sense to do much as a private InvIT because what we think that maybe every private InvIT at the end of the day, they might flip to a public InvIT, right, so why to take that

long journey rather than just do the public InvIT, because then whatever the return and distributions, let us go to the hand of unit holders rather than basically somebody keeping in

between and then passing on that to the final investors. That is question number one. Question

number 2, whether basically it is sponsored to thinking about doing a separate InvIT, whether the same investment management will manage that InvIT also, we don't know because as of

now, the idea was that any road which will get developed, so under ROFO, if you see our ROFO,

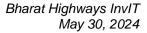
it was that any road which will be developed by GR, though GR is not a sponsor, but under this

ROFO framework, any road asset which will be developed by GR over the next 5 years, InvIT

will have a ROFO on that right of first offer. Now, it is up to InvIT whether InvIT want to take that asset or not because it is not that every asset InvIT will take, InvIT will do their own

diligence and if it is up to the quality and expectation, InvIT will take that. Coming back to the

third question, whether it will be a toll or BOT, whether we can take that or not. I think at the time of IPO itself, these questions were asked by the investors, then potential investors and we





had basically answered to that it is not that we are closing our eyes towards basically any road asset. But I think as all of us know a toll asset is an inflation adjusted growth story of India. When we are giving guidance to our investors, we have given guidance to X number. If I take any toll asset right now which is not that mature, it might have an adverse hit on my guidance. I wouldn't want to do it, but if suppose I get a toll asset which is matured, which has a 2 to 3 to 5 years of basically traffic history, whether will I look at that answer is yes, very much because after running sensitivity on that toll asset, even if my guidance doesn't get disturbed, I am very much open to look at that. That is your answer number 3 to your question.

Sarvesh Gupta: 23 assets that GR has, these are all HAM, or they have some BOT also in it?

Amit Kumar Singh: All these are HAM sets, but if GR eventually develops BOT assets that time we will do diligence

and if it fits our bill InvIT bill, investment thesis, we may look at that as well.

Sarvesh Gupta: And sir, final question is now with your NAV being 114 and you are trading at 106, I saw the

valuation report and I think the overall VAT is on, I think sub 8%. So, is it right to conclude that let us say, there are no acquisitions, then for a shareholder or unit holder coming in now the YTM would be around 8% odd? Is that the right understanding given how VAT is only 7.5%

used for any way of 114?

Harshael Sawant: Yes. So, if you look at the methodology followed under the InvIT regulation that is the asset

level valuation, which has been done considering the post tax cost of debt and that is why it works out to submit levels. But if you look at the trust as a whole, which we had done based on

which the final valuation was arrived at the IPO stage, we had given a guidance on the equity IRR as Amit mentioned earlier, which was working out to around 11.5% and that is the ballpark

range which will be there from any investment.

Sarvesh Gupta: Basically, if we leave the trust as it is, do not acquire any assets, anything, then at Rs. 100, it

translates to 11.5% YTM for the person coming in?

Harshael Sawant: Yes, that is correct.

Sarvesh Gupta: So, right now, it might be around 11% or something like that?

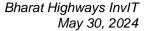
Harshael Sawant: Yes, you can do the math, basically, 11.5 divided by 106, whatever that number comes to, that

would be the number.

Sarvesh Gupta: Sir, one final question is that I think there are some changes in the regulation because of which

you have to give out 90% of the NDCF at the console level rather than at the InvIT level. So, do you see that changing any because what would be the number in your slide 16 that we should take on with 90% would be applied given these changes in the regulation, sir, and will it cause

any change in the Rs. 3, Re. 1, Rs. 11 sort of guidance?





Amit Kumar Singh: See basically, the guidance which we gave right, before actually at the time of filing our DOD

itself, this regulation, this guideline from SEBI had come un and we had factored duly that. So, don't worry on that, our guidance will remain in that irrespective of the change in the mechanism

which SEBI has all the InvIT to adopt.

Sarvesh Gupta: And on this slide #16, on what number will you apply 90%? Is it 1656 or 1358 only, sir, given

the changes?

Harshael Sawant: No. So, what you need to do is basically all the inflows you will have to sum together and all the

expenses, the trust and the SPV levels put together whatever the net number remaining, on that

the 90% has to be done.

Sarvesh Gupta: Even DSRA you will include, but that amount retained you will not include?

Harshael Sawant: Yes. So, DSRA and everything is a reserve requirement so that you will have to subtract from

the inflows.

Moderator: The next question is from the line of Anant Mundra from Mytemple Capital. Please go ahead.

Anant Mundra: Sir, just wanted to confirm this 11.5 DPU guidance is only with the current assets, so that is also

considering the acquisition that we will be doing?

Amit Kumar Singh: This is only with the current assets. Once we acquire more assets, of course the guidance will

change.

Anant Mundra: The policy for acquiring assets in the future will always be such that it has to be DPU accretive

and NAV accretive, right? Is that understanding correct?

Amit Kumar Singh: Yes, absolutely. It has to be DPU accretive. So, whatever sale period, we will be trading at, we

will endeavor to acquire at a yield which is higher than my existing yield, which is trading, so

that any incremental asset acquisition becomes DPU accretive, you are right.

Anant Mundra: So, for this Rs. 11.5 guidance why didn't that you are giving with the current assets. If I look at

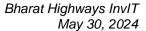
the valuation report, the VAT rate is just 7.33 and the cost of equity is just 10.2% and there the assumption between debt and equity, currently out external debt is just 20% or so and there the assumption is 70:30, so how is it that with the current assets, we will be able to do a Rs. 11.5

guidance? That I am not able to understand?

Amit Kumar Singh: So, if you go to the SPV level right, the 70% assumption considered by the valuer is as per the

InvIT regulation. That is the peak leverage with the trust can take for the assets, right, so based on that, he has calculated the VAT and that works out to 7.4 based on the cost of equity of 10.20. Now, when we did the issue, the total unit capital at the trust level was Rs. 4,429 crores on which,

if we do and considering that the leverage in the SPV now whatever is there is only the loan





which is extended by the trust and it is not the amount which is, there is no 70% of external debt, so balance is upstream to the trust and that is how we are able to achieve the 11.5% distribution.

Anant Mundra:

I will probably take this offline for a better understanding. Sir, my other question is what is the risk that we have to the cash flows, the projected cash flows?

Harshael Sawant:

See, I will tell you, basically, if you see any kind of road project, right, whether it is to annuity, the first and foremost risk if you go through the concession agreement, you will see that the only reason authority can withhold annuity is if not if say, operation and maintenance on that specific road is not happening properly. So, if you have a proper setup or a proper framework under which you are maintaining or you are getting your road maintained properly on a daily basis as well as on a periodic basis which we call as major maintenance, there is no reason authority should withhold the annuity. So, if you ask me first and foremost risk, I see that if operation and maintenance on the road is not happening properly, that is the reason where there can be a perceived risk on the cash flow and to mitigate risk, InvIT has got a back-to-back with GR Infra because these roads were developed by GR Infra itself to get the operation and maintenance for the balanced life of the concession done and GR is a AA+ risk. You have cash flow coming from NHAI which is a triple way. So, that is how we tried mitigating my O&M counterpart is AA+, my cash flow, my client is AAA. That is why we perceive our asset as a most risk averse asset class, yes.

Anant Mundra:

So, O&M risk is completely covered by back-to-back guarantees from GR Infra, is that understanding correct, sir?

Harshael Sawant:

It is not a back-to-back guarantee. It is a back-to-back agreement with GR Infra where they have said that yes, they will do as per the prescribed condition as mentioned in the concession agreement. And suppose if doesn't get maintained, there is any say liability damages that will be taken care by GR Infra. So, you can say at guarantee, but actually on paper it is not guaranteed, it is banded through an O&M agreement, project management agreement.

Anant Mundra:

So, there is no bank guarantee or something, they have given us, it is just an agreement?

Harshael Sawant:

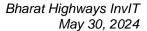
Yes, it is AA+ rated.

Anant Mundra:

And, sir, what if there is some kind of a natural calamity? Say there is some landslide that happened. In that case, what happens because the authority gives us some kind of money to do a major repair or who takes the seat in that case?

Harshael Sawant:

Actually, authority doesn't give. This gets covered under the insurance across all the seven SPVs we have taken basically opinion from insurance advisor and then we took adequate insurance and in case of natural calamities, if anything happens, authority doesn't stop paying annuities, but you have to restore those assets in a proper given timeframe and through the money which





will get from insurance, you need to get that done. However, annuity doesn't get stopped. Authority keeps paying you the annuity. That is how it was.

Anant Mundra: So, we have insurance coverage for all the projects for their entire lives?

Harshael Sawant: Absolutely. Actually, it is not for entire life, insurance as you know you have to take every year,

right? So, we take every year, we will have to take every year. You can't take insurance for 50

years or 15 years at one go.

Anant Mundra: And sir, for any acquisition that is being done from GR Infra, will the sponsor I think Aadharshila

is the sponsor. Will they also be eligible to vote on that or are they a related party?

Harshael Sawant: See Aadharshila that way is not related party, so that they can't vote, but for a proper governance

perspective, what we have proposed that if any asset which is being acquired from GR Infra under ROFO agreement, both Aadharshila and GR will abstain and majority of minority will

vote to decide the fate, whether we will be acquiring or won't be acquiring.

Anant Mundra: And sir, is there any lock in on the shares that are held by GR Infra?

Harshael Sawant: For GR Infra it is one year and for Aadharshila I think it is 3 years and then, of course, it gets

diluted as per the new guideline which say we came with.

Anant Mundra: And sir, currently with the structure that we have, there is some tax leakage that is happening at

the SPV level. So, what is happening is that the SPV's are also paying tax and once the dividend is coming to the investors, they also have to pay tax depending on the tax bracket. So, is there a way to plug this because if I see your other listed like, if I give an example of India Grid InvIT, it hardly pays any tax, so the payout to the investors is pretty high. So, what is the thought of the

management on this?

Harshael Sawant: So, see at the SPV level, we got listed on 12th of March and the agreements were executed on

1st of March. So, the tax obligation you are looking at in the financials is for the entire period, which is getting reflected on the liability side. So, on the next financial year, at the SPV level,

there will be minimal tax outflows going forward.

Anant Mundra: And sir, what would be the project manager fee and the investment manager fee?

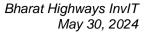
Harshael Sawant: We have disclosed that as part of the financials, it is 1.5% of the cash flows upstreamed by the

SPV that is the investment manager fees. For the project management fees, it is 0.5% of the

O&M expense incurred by each of the SPVs plus the applicable taxes in both the case.

Moderator: Thank you. The next question is from the line of Priyam Soni from Sicomoro Advisors. Please

go ahead.





Priyam Soni: I just had a few questions, according to me your net debt to AUM stands at around 18.5%, is

that correct?

Harshael Sawant: So, if you look at our gross debt is Rs. 1,143 crores, not the net debt. So, net debt will be much

lower because as on March, we had total cash of around Rs. 860 odd crores in the SPV, so net

debt will be on the lower side.

Priyam Soni: Can you just tell me those figure, an approximate is also fine?

Harshael Sawant: So, Rs. 1,134 minus Rs. 860 broadly, that is the net debt. And if you consider this distribution

of 132, you will have to subtract that as well from the cash balance.

Priyam Soni: And also, is there any solid timeline for acquiring assets both your 23 ROFO assets from GR as

well as the other third-party assets that you might be looking at, if there is any particular

development in that front?

Amit Kumar Singh: Yes. First thing basically we just need to understand is any asset which you acquire from anyone

as per the SEBI InvIT regulation, you should have a revenue generation track record of one year

and then only that asset becomes inevitable asset when InvIT can take that asset. So, under ROFO framework agreement, it has been agreed like that one year has passed by since

completion of that asset, then InvIT will take that asset into its own basically, InvIT will acquire

that asset. So, for example, one asset where we are started doing our diligence because there are

two annuities have been received and basically we have started doing our diligence and as and

when we will be done with diligence, of course, we will come to unit holders for their approval.

That is GR assets. For non-GR assets, again, where we are exploring couple of situations. In

certain situations, those assets have basically received two annuities which is one year passed

by which is due for acquisition. So, our diligence is happening. Some cases, we have given our

offers, still we don't know whether we will be up for the second round or not where one year has

already passed by, we have already started our due diligence. So, if you see the ROFO

framework what we had given and we had given our offer document as well. I think the timeline is over the next four years, we should have acquisition of this, earlier it was 23, now it is 22, 22

GR assets. And third-party assets, as and when it will come for, it will be available for

acquisition. Subject to that regulatory timelines, we will acquire, basically we will work towards

acquisition.

Priyam Soni: And also, the assets that you are looking to apply, what is the average concession period for the

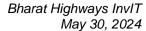
average of all the assets that you are looking to maintain? Is that along the lines of valuers itself?

Amit Kumar Singh: No, so if you see in this HAM concession, road assets under HAM are generally 15 years is the

concession life and InvIT can take only after one year. So, going forward, for us any asset acquisition which we do and if you do just after one year, my average concession is going to be

14 years. So, my average life of say our InvIT assets is going to be 14 years. If we move to BOT

assets, then of course, depending on what their concession or whether it is 20-25 years, then my





basically average condition may move up. As of now, what we see, our average concession is going to be around 14 years which is 12 years now because when we acquire those assets, more than two annuities have been received from those respective assets, so that is why this is around 12 years now. Going forward, it will move towards 14 years, yes.

Moderator: Thank you. The next question is from the line of Sarvesh Gupta from Maximal Capital. Please

go ahead.

Sarvesh Gupta: Sir, in terms of our acquisition pipeline, while you mentioned target for 5 years or maybe FY29

is Rs. 30,000 crores, right from current Rs. 6,000 crores, but what would be the intermediate

target for FY25 and FY26? Where can we reach in terms of our AUM?

Amit Kumar Singh: FY25, I think most likely what we see from GR, we should be able to complete one acquisition

and we should be able to be done with our diligence by Q4, because I think the second annuity of the other asset which should be coming somewhere in the April 25, so I think we can acquire only after April 25. So, I think in 25, I can see one acquisition from GR and maybe basically one or two outside assets, which we can't disclose now, we are basically at the business level and at the NBO level. For FY26, we can see at least 1, 2, 3 and 4 assets of GR and maybe around 2

assets from non-GR which we think that those should be under InvIT fold in FY26. So, maybe $\,$

for FY25, I can tell you one GR, maybe one or two non-GRs and for FY26 four GR or maybe

two non-GRs.

Sarvesh Gupta: And given that your current cost of debt is around 8.2%, so what will be the range of the IRR

project, IRRs that you are looking at when you are thinking about acquiring these assets and

what are the current trends in the market?

Amit Kumar Singh: See, the market is very dynamic. So, I wouldn't want to comment on that because what the

market is acquiring from, it depends on buyers and sellers' comfort, what their in-house investment hypothesis, their investment target, we don't want to comment on that. But what I can tell you, which I just stated on the call just a while back is also that every incremental acquisition what we will do should be yield accretive in terms of what we are trading in the

markets. So, if I am trading at X, my endeavor will be to acquire an asset. It should be yield accretive, so that basically every incremental asset acquisition becomes yield accretive for my

existing unit holders.

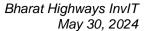
Sarvesh Gupta: Since you are acquiring by debt only going forward, so anything that you acquire at 8.2% plus

will be yield accretive, right?

Amit Kumar Singh: That is not the case. We will use our optimal capital structure to acquire the asset because we

have some cash also. So, it is not that I am just going to use the entire debt. As I said on the start of the call, because we need to use that date cap very judiciously, I am not going to acquire

everything entirely by debt. I will have some cash also, which I use because I don't want to miss





out any opportunity in case I get in the future. But yes, you can say this lower cost of debt, which is 8.1%-8.2% should make the incremental asset acquisition as a yield accretive.

Sarvesh Gupta:

And given that on a baseline of seven assets, we are planning to acquire almost seven more in the next two years, shouldn't it lead to a significant increase in our DPUs at the trust level because cost of debt is low, and we are almost planning to double in two years?

Amit Kumar Singh:

If you see, hypothetically, the answer is yes, but again, as you go on asset acquisition, every asset has its own parameters. They have their own challenges. It is not that all the assets because if you do diligence, they are different assets have their own challenges and that is how the discounting happens because it is not a function of, you can just do an exit of discounting with every asset. Every asset has its own features. And you are discounting its own risk, and your discounting should take care of that risk. So, if I add 7 on 7, ideally yes it should be yield accretive, but then I also, suppose if interest rate starts increasing right, my cost of debt will also increase. So, whether it will be very highly yield accretive, I wouldn't want to hazard a guess on that, but of course, as and when I will acquire the asset, I will come to you for approval with the proper calculation. At that time, I can tell that should be yield decorative so that you are proving that asset acquisition should not be an issue.

Sarvesh Gupta:

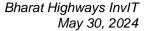
And that brings me to my second question, sir, now your revenue profile is of a fixed nature. So, it is not inflation and hence not interest rate link. So, on the liability side right now, we are nothing, but going forward, how are we planning our debt structures? Is it going to be more of fixed date, this 8.2 is on mostly fixed rate that we are getting or is it going to be more variable sort of interest rate?

Amit Kumar Singh:

Actually, we just need to deep dive a little bit. It is not that my revenue profiles are fixed because what we get also is the interest on annuities from NHAI which is bank rate plus 3%, bank is nothing repo plus 25 bps. So, basically repo plus 325 bps on outstanding annuity is disabled is what you get as the interest. Right now, that rate is 9.75%. Suppose the rates come down or rates change that bit will change. So, it is not completely fixed, what I would say. However, just to take care of that, what we have done is, what we have taken debt from our lender, which is again linked to repo. So, we tried taking care of that basically interest rate risk into consideration. So, basically that is why it acts as automatic hedge against any adverse interest rate movement, it may happen. So, just to give your answer, suppose rates move down, my cost of rate which is linked to repo should also move down. However, all the assets which we are going to acquire from GR or outside may not be linked to repo that then we may have to deliberate. We may offer MCLR link borrowing and accordingly my debt profile may change. So, whether it is going to be fixed, I don't think so, because what we have taken right now is available with the two years of basically reset. And if repo moves, my interest rate will also move.

Sarvesh Gupta:

So, mostly as of now, you have a hedge in terms of your final cash flows from NHAI and what payments you will be doing to the banks?





Amit Kumar Singh:

Yes, we have a hedge to the extent of the debt or to the extent of my leverage, yes.

Sarvesh Gupta:

Just final, one point on the insurance bps, so you said that for natural calamities, the annuities are not stopping, but we will have to restore it using the insurance money that we can get, but during the period when the asset is not operational, either because of, let us say, protests like what happened in Punjab for farmers or because of let us say floods because of which roads are not operational. So, during that period when you are restoring or where the assets are not operational, you get the annuity payments?

Amit Kumar Singh:

Yes, we keep getting the annuity payment under the HAM concession. First, it is not BOT because if somebody is say protesting, my asset is not being put to operational use, so it will not earn any revenue that is not the idea because the form itself is in the nature of annuity. So, you keep getting an annuity irrespective of any protest or irrespective of anything happen. Even suppose a flood or anything happens where your road gets impacted, you need to get the money from insurance. You need to restore, however, NHAI doesn't stop annuity, you keep getting annuities during that period itself, where the asset is not being put to operational use.

Sarvesh Gupta:

And you will get it for the extension also right? So, flood does not make it an operational for one year when you take one year to restore, so during those two years also you will get it plus the remaining life also you will get it, 12 years which was whatever. So, you will get the extended annuity?

Amit Kumar Singh:

No, it is not extended annuity because it is not BOT because NHAI is not stopping your annuity. So, there is nothing of extension, right, its total balance concession is 12 years, one year, suppose you took time to restore, NHAI will keep paying you, then why will they extend it right.

Sarvesh Gupta:

Yes.

Moderator:

Thank you. The next question is from the line of Rahul Nair from Axis Mutual Fund. Please go ahead.

Rahul Nair:

I got a couple of questions. So, if you go to your 16th slide, right that NDCF on calculation, there is one item, free cash on acquisition, Rs. 94 crores. What does this fit into?

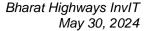
Harshael Sawant:

When we acquired these SPVs, there are certain annuity payments which have come in on the date when we had done the valuation till the 31st of March. So, this cash was not encumbered against any liability. So, that is why it is free cash available in each of the SPVs put together. So, if you look at the semicircular which has come in, whatever cash is available on acquisition, we need to do the distribution of that cash as well and accordingly we have added that cash in the distribution

the distribution.

Rahul Nair:

So, this is the one off, right? Like only this quarter it would be there, unless you acquire more as such?





Harshael Sawant: So, just to clarify, as you are aware, in each of these SPVs there were certain reserves which was

created for the existing debt, which the SPV's had availed. Now, we have prepaid those debt at each of these SPVs. So, now those cash will also be freed up and that is also available in each

of these SPV's under the NDCF going forward.

Amit Kumar Singh: Until unless we use those cash for any further acquisitions or any other stuff.

Rahul Nair: And second, you said you maintained the guidance of 11.5-12 distribution for the 13 months.

So, if we reduce this Rs. 3 which has already been distributed, does it mean for the next 12

months, it would be like 8.5 on the distribution per unit?

Amit Kumar Singh: Yes, that is simple, 11.5 what we had given guidance of, so on the 12th of March basically, we

got listed. So, you can do that math, 18-19 days.

Rahul Nair: FY25 distribution would be around?

Amit Kumar Singh: In the range of guidance. That is why we said that it is 3%. If you just make it, it will be around

12% which is higher than what we give guidance, and which also take care of for that 18-19

days that is how this guidance will be met.

Moderator: Thank you. The next question is from the line of Anant Mundra from Mytemple Capital. Please

go ahead.

Anant Mundra: Sir, just wanted to again understand the sensitivity of our cash flows to interest rate. So,

currently, the market is assuming that there is going to be an interest rate cut. So, there is an interest rate cut, the interest that we get on the annuity will also reduce and correspondingly the interest that we pay will also reduce. But can you just quantify how much will be the reduction in the interest that we receive on annuity and how much would be the reduction, is that fully

hedged or there is some gap or how is it?

Harshael Sawant: Anant, currently the leverage at the trust level as you mentioned earlier is around 20% odd and

as we move ahead and acquire more assets and increase the debt levels that much amount of natural hedge will be available at the trust level. So, the impact of let us say 0.5% or 0.25%, whatever you want to do the sensitivity on that much portion will be covered and will not impact

the distribution and the balance will be impacting the distribution.

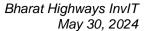
Anant Mundra: So, out of the inflows that we receive at the SPV level, how much is annuity and how much is

the interest on annuity? That breakup is available approximately.

Amit Kumar Singh: So, I will tell you how it is on annualized basis, if you look at, any SPV, currently we are

receiving 9.75% on that annuity payment close to 4% odd will be my annuity and the balance will be the O&M income which you receive. So, totaling, let us say if our SPV is generating

close to 14% odd, close to 9% will be from interest.





Harshael Sawant:

So, Anant, how it works is that you get interest on outstanding annuities. So, initially it is like more EMI structure. So, earlier you get lesser principal, higher interest and of course then towards as you progress you start getting more principal and lesser interest so. As you pass by of course interest basically impact of the interest on overall, say, SPV, cash flow will be coming down because my principal will be more, my outstanding will be lesser. So, of course interest what I will get will also be lesser. So, I think the initial year it is more, but as we progress because of course right now we are at the lower level, we will increase our leverage that will be hedged. And the interest on outstanding annuities will also be lesser position. So, going forward, I would say as you progress from the initial if 6-7th year, this impact gets rationalized.

Anant Mundra:

And sir, one more thing here. We are also getting O&M expense reimbursement from the authority. Is it right to assume that whatever we receive as O&M payment will be paid to GR Infra because they are our project manager or with the project manager, our cost structure is slightly different?

Amit Kumar Singh:

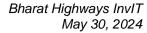
No. So, first thing is, whatever O&M we get is that the actual O&M, answer is no because when you do the bid, anybody would have done the bid, they would have done some financial engineering to become L1 and if you put a lower O&M figure, your NPV comes down. So, at that time on people have been doing that financial engineering to become L1 from an NPV perspective; however, a proper provisioning of O&M and major maintenance has been done across the seven assets, which has been considered and factored in the model. And that number is sufficient to take care of whatever the O&M and MM numbers, actually arise or actually takes place actually occurs over the next what are the balance concession lives. And whatever the guidance we have given has been already factored that outflow towards O&M and MM, which is going to happen through Aadharshila to GR and we don't need to worry about and so we can't say that whatever O&M we are getting is the actual basically payment which is happening to Aadharshila or GR. It is what amount we have agreed under PM agreement with GR that amount basically will be finally paid to GR. Whatever O&M we will receive from authority will be our income. But that exactly got compensated with the actual number, which will be finally paid to Aadashshila.

Moderator:

Thank you. Ladies and gentlemen, as there are no further questions, I would now like to hand the conference over to the management for closing comments. Over to you, sir.

Amit Kumar Singh:

So, thank you everyone for joining this call. As I stated, we remain committed to the guidance which we gave to our investors in terms of distribution before IPO and will remain committed towards the acquisition strategy which I narrated over this call and achieving our vision through the strategies which I outlined on the call. I will look forward to your continued support over this year also and any development which will happen, we would want to keep you guys basically in loop so that there is no surprises comes and I think very quickly we may because as we keep coming to you guys for asset acquisitions and we would want to do this call on a continuous basis so that any questions is there can be taken on the call. Other than call also, in case you have any queries, on one-to-one basis, you can reach out to us, and we assure you that





we will respond with the proper answers. Thank you everyone. Thank you so much ISEC team for organizing this call.

Moderator:

On behalf of ICICI Securities Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines. Thank you.